

## Message Text

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PAGE 01 ROME 12551 021626Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 /067 W  
-----046361 030006Z /72

R 021606Z AUG 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 6256  
TREASURY DEPT WASHDC

UNCLAS ROME 12551

PASS FRB

E.O. 11652: N/A  
TAGS: EFIN IT  
SUBJ: JULY TREASURY FINANCING; INTEREST RATE DEVELOPMENTS

1. THE REGULAR MONTHLY TREASURY BILL AUCTION IN JULY WENT ONLY MILDLY WELL. BANKS AND OTHER PRIVATE INVESTORS PURCHASED ENTIRE OFFERING OF 3-MONTH BILLS ON DECLINING YIELDS. THEY SHOWED SUBSTANTIALLY LESS INTEREST, HOWEVER, IN 6 AND 12-MONTH BILLS. AS SHOWN IN TABLE 1, BANKS REDUCED THEIR NET BILL HOLDINGS IN JULY BY 264 BILLION LIRE.

2. THE BANK OF ITALY (BOI) STANCE AT THE JULY AUCTION FAVORED THE CONTINUED DECLINE IN INTEREST RATES AND A SHIFT TOWARD LONGER MATURITIES. THE SHARE OF 3-MONTH BILLS IN THE TOTAL OFFERING WAS SMALLER THAN USUAL, EVEN THOUGH THE DEMAND FOR BILLS IS STRONGEST IN THE SHORTEST MATURITIES. THE BOI WAS UNWILLING TO SEE THE LONGER-TERM INTEREST RATES RISE: IT PURCHASED 925 BILLION OF THE 2250 BILLION LIRE OF 6-MONTH BILLS OFFERED AND 464 BILLION OF THE 750 BILLION LIRE OF 12-MONTH BILLS OFFERED. AS SHOWN IN TABLE 2 YIELDS ON 3 AND 12-MONTH BILLS WERE LOWER AND ON 6-MONTH BILLS UNCHANGED COMPARED TO JUNE. THE BOI ALSO PURCHASED 1500 BILLION OF BILLS DIRECTLY  
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FROM THE TREASURY IN JULY.

3. /TABLE 1/

JULY TREASURY FINANCING (TREASURY BILLS BILLIONS OF LIRE)

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MATURING PURCHASED NET

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BANKS/PUBLIC	3375	3111	-264
BOI (OF WHICH:	1275	2889	1614
DIRCT PLACEMENT )		(1500)	
TOTAL	4650	6000	1350

4. /TABLE 2/

YIELDS 1)

	JUNE	JULY
	-----	

3 MONTH	15.32	14.60
6 MONTH	15.62	15.62
12 MONTH	15.87	15.74

1) COMPOUND ANNUAL YIELD .HOLMES

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, ECONOMIC DATA, INTEREST RATES, TREASURY BILL RATES, AUCTIONS, BANKS  
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**Copy:** SINGLE  
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**Original Handling Restrictions:** n/a  
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**Subject:** JULY TREASURY FINANCING; INTEREST RATE DEVELOPMENTS 1 . THE REGULAR MONTHLY TREASURY BILL AUCTION IN JULY WENT ONLY MILDLY WELL. BANKS AND OTHER PRIVATE INVESTORS  
**TAGS:** EFIN, IT  
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**Review Markings:**  
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